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SUBJECT: USS BLUE RIDGE VISIT CATALYST FOR EMBASSY OUTREACH TO THE PHILIPPINES' "SECOND CITY"

**¶1. SUMMARY:** The February 11th-14th visit of the USS Blue Ridge to Cebu provided an opportunity for a coordinated, Mission-wide outreach to the Philippines' second largest metro area. Cebu's importance extends beyond its "second city" status, as its central location in the Philippine archipelago makes it a hub for transport, media, and business for much of the central and south Philippines. Cebu, once home to a US Consulate, maintains a strong USG profile through the Mission's only Consular Agent. The local and national media took note as Ambassador interacted not only with Cebu's political, business, and civil society leaders, but also with the ordinary people of Cebu in a range of venues. Representatives of several Mission sections used the attention generated by the USS Blue Ridge visit to spotlight long-standing Mission programs and contacts throughout Cebu. END SUMMARY.

#### ENGAGING A WIDE SWATH OF CEBU LEADERSHIP AND SOCIETY

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**¶2.** The Ambassador began her outreach in Cebu on February 11th by hosting a dinner for political, business, media, and cultural figures, including Gwendolyn Garcia, governor of Cebu Province. Commander of the 7th Fleet VADM Douglas Crowder and senior officers from the USS Blue Ridge attended so that they could directly interact with important Cebuanos. Echoing the Mission's multi-pronged strategy for its Cebu outreach, officers from the Political, Economic, JUSMAG, Public Affairs, and Cebu Consular Office were also present to advance U.S. interests. The dinner, marked by a lively atmosphere, provided an informal forum for the Mission and 7th Fleet to stress the positive aspects of the US-Philippine relations that underpinned the visit of the USS Blue Ridge.

**¶3.** The dinner acted as a prelude to a reception for several hundred people from Cebu and the surrounding area co-hosted by the Ambassador and VADM Crowder aboard the USS Blue Ridge on the evening of February 12th. Once again the benefits of the strong US-Philippine relationship were the focus of brief remarks by Ambassador and VADM Crowder: Governor Garcia enthused on the ties between Cebu and the United States, and thanked the United States for its contributions to the Philippines. The beautiful setting aboard the ship in Cebu harbor allowed Mission officers (including DCM) and 7th Fleet crewmembers to interact with Cebu's leaders and media, ordinary Cebuanos, including school children and teachers, officers and enlisted men of the Philippine armed forces, police, business and society figures, as well as American residents of Cebu. The attendees were clearly thrilled to be aboard ship and the reception garnered extensive positive coverage in all the local newspapers, as well as some national media.

#### REACHING OUT TO THE COMMUNITY

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**¶4.** The crew of the USS Blue Ridge undertook several community relation events (COMRELS) while in Cebu. The Ambassador attended two

COMRELS with VADM Crowder. The first was a visit to a local High School on the morning of February 12th. The USS Blue Ridge crew and Ambassador were warmly greeted as they donated educational and athletic equipment and actually participated in repairs and renovation of the dilapidated school. Governor Garcia was present and thanked the US for its valued assistance.

¶15. The other COMREL attended by the Ambassador was a trip to a Medical Civil Action Program (MEDCAP). This MEDCAP was a joint effort of the USS BLUE RIDGE, JUSMAG, USAID, Philippine military and the City Health Office, and included a team composed of 55 Filipino and American doctors, dentists, nurses, technicians and dental assistants, and some local health workers. The U.S. Navy provided 3 doctors, 1 dentist, food for the team and some drugs and vitamins. The City Health Office and Philippine military provided 27 doctors and dentists, 24 nurses, technicians and dental assistants, allowed the use of its dental van, equipment, and supplies. The Municipality of Mambaling contributed the services of their health workers and organized the physical arrangements for the MEDCAP. As a result of this collaboration, 671 patients received medical services and 102 patients were provided with dental services. Both COMRELS attracted TV and print media, and Ambassador and VADM Crowder gave impromptu interviews.

¶16. Another popular and well-covered outreach program attended by the Ambassador and VADM Crowder was a free concert given by the 7th Fleet Band at a local shopping mall. The band drew huge audience energized by a variety of musical styles, from rock to brass band music. The concert featured participation from a Philippine military band, as well.

#### SHOWING CONCERN FOR THE ENVIRONMENT AND CIVIL SOCIETY

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¶17. The Ambassador attended the dedication of a Marine Protected Area (MPA) off of the coast of Mactan Island. USAID helped fund and develop the MPA, which is a first of its kind in the Philippines, where a local government by virtue of an ordinance enjoins partners from the coastal communities, nongovernmental organizations and the private sector to become stewards in co-managing marine sanctuaries for the purpose of conserving biodiversity and sustainably managing coastal-marine resources for food security and ecotourism development.

¶18. The Ambassador hosted a lunch for key figures from several environmentalist NGOs, including the president of the World Wildlife Fund Philippines. Environmental groups are among the most active participants in Cebu's civil society. Participants praised USAID's efforts, while noting there is much to be done. The Mission's Consular agent in Cebu stressed the first steps already taken in business stewardship of the environment, and others talked of the impressive results of outreach to youth. Other leaders described the need to educate local officials in order to reduce the gap between the letter of the laws that preserve the environment and the reality of lax enforcement by officials, stemming largely from ignorance of the laws. Additionally, because the Philippine Navy enforces the laws protecting the Philippine coastlines, discussion focused on inviting the US Coast Guard and/or other US military to help in educating their Philippine counterparts on ways to fulfill their environmental responsibilities.

#### CONVERSING WITH STUDENTS, EDUCATORS, AND RELIGIOUS LEADERS

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¶19. Ambassador and VADM Crowder visited the University of San Carlos, the oldest university in the Philippines, which in the past has hosted a variety of USG funded speakers and scholars. The Ambassador held a round-table discussion with students from several departments, particularly political science, economics, and management. VADM Crowder and the Ambassador delivered remarks after which students and faculty spent almost an hour asking various questions. While some questions focused on the sensitive issue of the Visiting Forces Agreement, others addressed broader issues such as the US policy on climate change, globalization, and the upcoming

Presidential elections in the US. The tone throughout was informal and friendly, although pointed at times.

¶10. Ambassador also visited the Cebu International School, whose student body is 20% American, and which services many of the children of the international businesses investing in Cebu. The State Department has funded \$68,000 in Soft Target Security Initiative (STSI) monies to the Cebu International School, with close coordination from RSO Manila. The Ambassador toured the school and met with a group of students. Questions elicited the Ambassador's opinion on topical issues, including more questions about US policy on climate change and the upcoming US elections.

¶11. The Ambassador paid a very cordial courtesy call to Ricardo Cardinal Vidal, Archbishop of Cebu and one of three Filipino members of the College of Cardinals. Cardinal Vidal thanked the Ambassador for continual U.S. support for democracy in the Philippines, particularly during President Marcos's ouster, in which he played a significant role. He expressed concern over an initiative to break up Cebu into four provinces but added that he was prepared to make the necessary adjustments in his archdiocese should the break-up occur. Cardinal Vidal, who recently turned 76, indicated he had reached retirement age (75) and was merely waiting for the Pope to find a replacement so he could retire.

#### DISCUSSING THE CLIMATE FOR US BUSINESSES IN CEBU

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¶12. Over 100 American businesses operate in Cebu, including Timex, Lear Corporation, Lexmark International, and Fairchild Semiconductors. Lexmark has both a production facility and a research and development (R&D) facility in Cebu, and the Ambassador visited the R&D facility. The Lexmark R&D facility has over 500 employees now, and plans to expand to over 1100 once they finish building their new facilities. Like most other US businesses operating in Cebu, almost all of the employees are Filipinos. Lexmark is a business specializing in computer printers, and was originally a branch of IBM before splitting off in 1991. It first started operations in Cebu in 1999, and which is now one of their three major international locations.

¶13. Lexmark R&D's President outlined several of the factors that make Cebu an attractive venue for US businesses, such as:

- Cebu's international airport makes it a centrally located hub within Asia.
- A strong tradition of English-language fluency among the population, particularly among the large pool of well-educated

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graduates of local universities and technical schools.

- Operating costs are 30% less than Manila, and quality of life is better than in Manila due to less pollution, traffic, and overcrowding.

- Tax incentives in the Cebu Economic Zone

¶14. A tour of the facility showed that Filipino engineers are on the forefront of high-tech research and development and design of new printer and computer technologies. Lexmark also noted with pride its role as a good corporate citizen--an emerging concept in the Philippines. Lexmark employees have "adopted" a local school, setting benchmarks to measure the impact of the volunteer hours and money donated by Lexmark's employees.

#### WIDESPREAD PRESS COVERAGE GENERATED BY VISIT

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¶15. Ambassador did exclusive interviews with GMA TV and ABS-CBN TV, the two largest national networks in the country, plus several stand-up interviews on the margins of various events. A story on the Cebu stop of the Blue Ridge appeared in Manila on ABS-CBN as well. The Ambassador also talked to a local cable channel during the reception aboard the USS Blue Ridge. There was extensive coverage of the Blue Ridge reception, all the Blue Ridge events, and the Ambassador's visit by local newspapers the Cebu Freeman, SunStar Cebu, and Cebu Daily News. Photographs and articles appeared in

several Manila-based national newspapers as well through their Cebu-based stringers outlining the success of the USS Blue Ridge visit.

OTHER ELEMENTS OF MISSION OUTREACH HIGHLIGHT US ROLE IN CEBU

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¶16. At several events key mission members from the Political, Economic and Public Affairs sections, as well as representatives from USAID, JUSMAG, and FCS joined Ambassador Kenney. However, representatives of these and other sections also took advantage of the spotlight on US-RP relations generated by the visit of the USS Blue Ridge in order to participate in many events.

¶17. PAS officers:

- Arranged for GMA TV and ABS-CBN TV to visit the Blue Ridge for exclusive tours and interviews with relevant personnel,
- for 7th Fleet Band to do a live interview on DY101 FM radio to plug their free public concert, and
- a group tour of the USS Blue Ridge for the media.

PAS officers also visited American Corners in various locations in Cebu.

¶18. (SBU) Poloffs used the Blue Ridge visit to Cebu as an opportunity to meet with various prominent government and civic figures, including Governor Garcia, Congressmen Raul del Mar and Antonio Cuenca, and Cardinal Vidal, to discuss the midterm elections scheduled for May 14. Most major politicians, running unopposed or lacking serious opponents, expressed little concern about the upcoming elections. Governor Gwendolyn Garcia, who currently has no opponent, said the most significant problem facing the province was the campaign by some local congressmen to split up Cebu into four provinces. She is actively campaigning for "one, indivisible, Cebu." Most officials thought the provincial breakup had not been sufficiently discussed and would result in four costly, yet inefficient, bureaucracies. Though proponents claim that the current provincial government ignores rural communities, some interlocutors asserted the initiative is driven by several congressmen on their third -- and last -- term. According to this view, these congressmen, popular in their districts, yet legally barred from a fourth consecutive term, seek to create three new governorships they believe they can easily attain. Measures to create new provinces must be initially approved by Congress and ratified by referendum. Local officials, such as mayors, vice-mayors, and provincial legislators, expressed little interest in "Manila" politics. They were almost unanimous in their belief that the makeup of the Senate would have a negligible effect on their communities. Instead, they were concerned with attracting foreign investment to their communities, increasing hotel capacity to attract more tourists, and gaining the support of neighborhood leaders for social initiatives, such as drug awareness campaigns.

¶19. ECON and Commercial Counselors met with representatives of the Cebu Chamber of Commerce and Industry (CCCI) who discussed the strengths of the local economy, with a particular focus on the emergence of a vibrant IT/Call Center sector, and prospects for development of the tourism sector. When asked what, if anything, constrained growth in Cebu, interlocutors all cited interference from Metro Manila as their chief problem. They also called on a film

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production studio in Cebu run by American executives, a Lear Corporation plant manufacturing in Cebu's industrial zone, and Fairchild Semiconductor, which produces high-end energy-management chips. These businesses echoed Lexmark in citing the international airport, desirable location, talented local personnel, and low costs as factors for locating in Cebu.

¶20. USAID Mission Director and staff visited Celestica Philippines, Inc. at the Mactan Export Processing Zone 1. This firm is a recipient of USAID assistance to establish and strengthen a workplace health program that includes the provision of family planning and maternal and child health services. Celestica

Philippines, Inc. employs around 1,200 who are benefiting from the workplace health program.

¶21. The Agricultural Counselor visited the flour milling plant of General Milling Corporation (GMC) in Cebu province. GMC is the third largest flour milling company in the Philippines. Although GMC is a Filipino company, it is a loyal U.S. wheat importer importing 100% U.S. wheat. Its oil crushing factory uses only beans from the United States.

KENNEY